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CENTRAL INTELLIGENCE GROUP
 INTELLIGENCE REPORT

COUNTRY Germany (Russian Zone)

DATE: 25X1A

SUBJECT Purchase of State-Owned Businesses
in Mecklenburg by Soviet A.G.

INFO. [REDACTED]

DIST. 10 October 1947

ORIGIN 25X1X [REDACTED]

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25X1X [REDACTED]

SUPPLEMENT [REDACTED]

SOURCE [REDACTED]

1. The subject contract for the sale of branch enterprises of the Kohlenwerkstoff AG, Benzin-Benzol-Vertrieb (BV), Bochum; Deutscher Benzol-Vertrieb G.m.b.H. (Raab-Karcher), Hamburg; and Nitro Deutsche Treibstoffe AG, Berlin, which are now owned by the state of Mecklenburg, was drawn up between the Soviet A.G. Derunapht, and Minister Johannes Jarncke, representative of the state of Mecklenburg. It now awaits approval by the state legislature in order to become effective.
2. This contract violates article 72 of the state constitution and law 4 for the maintenance of order, which require that the sale of state-owned enterprises receive the previous approval of a two-thirds majority of the state legislative assembly. The central committee of the legislature has protested, and the Antifa bloc and the SED have both expressed their opposition to Minister Jarncke's arbitrary action. The constitutional committee is now conducting investigations as to whether the central committee is authorized to reach a decision on the matter without a plenary sitting of the legislature.
3. The contract provides for the sale of all assets of the above-mentioned firms to the Soviet AG at a purchase price of one million three hundred and twenty-seven thousand marks; three hundred and twenty-seven thousand marks of the total price will be paid in machinery, the remainder in shares in the corporation. The assets of the enterprises include tank stations, storage depots, tank cars, and office equipment. Although the transfer of the property will supposedly occasion an increase in the amount of gasoline and fuel oil imported, it will also lead to the establishment of a Russian monopoly.

Coverage of Sale

The following contract is concluded between the state of Mecklenburg, represented by the state government, as seller, and the Firma "Derunapht" Deutsch-Russische Naphta, represented by Director General Zachar Zomenjenko and Director Fedor Fomin, as buyer:

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CLASSIFICATION

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This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 16 October 1978 from the Director of Central Intelligence to the Archivist of the United States.

Next Review Date: 2008

Document No. 006

NO CHANGE in Class.

 RECLASSIFIED

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1
The seller sells all movable and stationary property of the former Kohlenwerkstoff AG, Benzin-Benzol-Vertrieb (BV) Bochum; Deutsche Benzol-Vertriebs G.m.b.H. (Raab-Karcher) Hamburg; and "Nitap" Deutsche Treibstoff AG, Berlin, belonging to him, including real estate, tank stations, storage depots, office equipment, tank and freight trucks, passenger cars, railroad tank cars, barrels, etc., in so far as it is located in the territory of the state of Mecklenburg. The attached lists of assets will serve as a basis for the sale. The movable and stationary property will be transferred in its present condition.

2

Not included in the sale are the debts and obligations of the former Kohlenwerkstoff AG, Benzin-Benzol-Vertrieb (BV) Niederlassung Schwerin, of the Deutsche Benzol-Vertriebs G.m.b.H. (Raab-Karcher), Niederlassung Schwerin, and of the "Nitap" Deutsche Treibstoffe AG, Berlin, with the exception of those obligations described under 7.

3

The seller transfers to the buyer shares in the Treib-und Schmierstoff-Vertriebsges. m.b.H. (Tass), Schwerin, valued at one thousand marks each, which belong to the Kohlenwerkstoff (AG), Benzin-Benzol-Vertrieb (BV), Niederlassung Schwerin, and to "Nitap" Deutsche Treibstoffe AG, Berlin.

4

Included in the sale are supplies of goods contained in storage depots, tank stations, and barrels on the day of transfer, on the basis of an exact inventory of goods on hand, which will be made on the day of the transfer. The sales price for these goods is to be paid immediately, in cash.

5

The tax on the real estate, including buildings, will be charged to the buyer. The costs of the sales contract (costs of estimates made by experts, notaries, etc.) and of property transfer in the land registration offices will be assumed by the buyer.

6

Beginning on the day of transfer the buyer will represent the seller in all contracts necessary for the execution of normal business listed in the attached index. Should the third party of the contract refuse to agree to this arrangement, the seller reserves to exercise his rights in such contracts for the buyer until the termination of the contract.

7

The buyer will assume all rights and obligations of the seller in the usual contracts with employees and workers of the Kohlenwerkstoff AG, Benzin-Benzol-Vertrieb (BV), Niederlassung Schwerin, of the Deutsche Benzol-Vertriebs G.m.b.H. (Raab-Karcher), and of "Nitap" Deutsche Treibstoffe AG, Berlin, in so far as these employees and workers are employed in Land Mecklenburg and the assumption of their contracts is required by the buyer of the seller. The seller will give no guarantee that the employees and workers will enter the service of the buyer.

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The sales price consists of:

1. Tank stations according to attached index	RM 442,000
2. Storage depots including grounds, buildings, business installations, movable goods (e.g. barrels, cans, etc.), according to estimates of sworn experts.	RM 600,000
3. Motor vehicles	RM 24,900
1 Mercedes passenger car	RM 5,900
1 Bussing tank truck	RM 10,000
1 Steyr passenger car	RM 9,000
4. Office equipment according to attached index	RM 7,000
5. Shares in the Treib- und Schmierstoff- Vertriebsges. m.b.H.	RM 2,000
6. Mortgage on the BV-Haus Güstrow,cke Flauer und Goliberger Str.	RM 30,000
7. Value of business in the amount of	RM 221,100
Total	RM 1,317,000

The buyer will pay this sales price to the seller immediately upon receipt of the object sold. The value of business under 7 amounts to twenty per cent. of the business assets. The buyer agrees to pay thirty per cent. of the total sales price in goods. For this purpose the seller will submit to the buyer a specified list of articles needed and desired, arranged according to the order in which they are wanted. The buyer will make every effort to meet the wishes of the seller in the order given by the seller. The seller grants the buyer the right to make changes as to amount, type, or fabrication within the limits of the list of goods desired by the seller. Costs of delivery and transportation of goods will be assumed by the buyer. If possible, the delivery of these goods is to begin immediately and to be concluded at the latest by 30 June 1946.*

9

The buyer promises, only so long as the management regulations are in effect, to maintain and supply the storage depots and tank stations now in operation, which are more exactly designated in the attachment, and to put into operation those tank stations named by the state government of Mecklenburg.

10

The transfer of the objects sold will occur at the latest on 15 August 1947. Revenues and costs are transferred to the buyer on the same day.

11

Should the estimates of the experts mentioned under 8 vary by more than 1% from the business assets after completion of the final evaluation, the parties will come to an agreement.

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Differences of opinion as to the application of this contract will be decided by a court of arbitration. In case of disagreement, each party will nominate an arbitrator, who will select a chairman. Seat of the court of arbitration is to be Schwerin.

Schwerin, 31 July 1947

The State Government

Derunapht

The Minister-President

Deutsch-Russische Naptha-
Aktiengesellschaft

Signed: Werncke

Signature

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Comment: This date was apparently copied incorrectly by source and should probably be 30 June 1948.

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